

**REPORT ON
CLERK OF THE CIRCUIT COURT
of the
COUNTY OF ROCKINGHAM, VIRGINIA
L. WAYNE HARPER**

**FOR THE PERIOD
JANUARY 1, 2004 THROUGH DECEMBER 31, 2004**

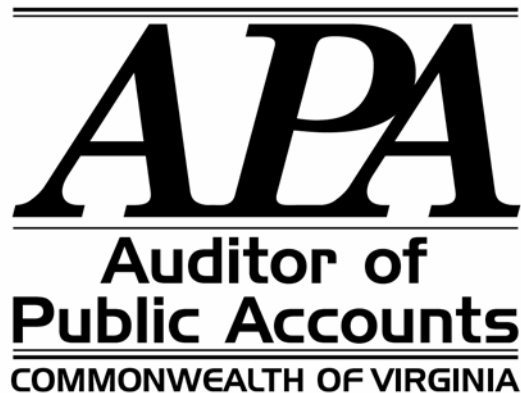


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Commonwealth of Virginia

Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218

Walter J. Kucharski, Auditor

May 31, 2005

The Honorable L. Wayne Harper
Clerk of the Circuit Court
County of Rockingham

Board of Supervisors
County of Rockingham

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Rockingham for the period January 1, 2004 through December 31, 2004.

Our primary objectives were to test the accuracy of financial transactions recorded on the Court's financial management system; evaluate the Court's internal controls; and test its compliance with significant state laws, regulations, and policies. However, our audit was more limited than would be necessary to provide assurance on the internal controls or on overall compliance with applicable laws, regulations, and policies.

Court management has responsibility for establishing and maintaining internal controls and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Our audit was more limited than would be necessary to provide assurance on internal controls or to provide an opinion on overall compliance with laws and regulations. Because of inherent limitations in internal controls, errors, irregularities, or noncompliance may nevertheless occur and not be detected. Also, projecting the evaluation of internal controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions or that the effectiveness of the design and operation of controls may deteriorate.

The results of our tests found the Court properly stated, in all material respects, the amounts recorded and reported in the financial management system.

However, we noted certain matters involving internal control and its operation that we consider to be a reportable condition. A reportable condition involves a matter coming to our attention relating to a deficiency in the design or operation of internal controls that, in our judgment, could reasonably lead to the loss of revenues or assets, or otherwise compromise fiscal

accountability. The reportable conditions are discussed in the section titled “Internal Control and Compliance Findings and Auditor’s Recommendations.”

We do not believe these conditions are material weaknesses. A material weakness is a significant deficiency in the design or operation of internal controls that, in our judgment, could reasonably lead to the loss of revenues or assets, or otherwise compromise fiscal accountability and go undetected.

The results of our tests of compliance with applicable laws and regulations disclosed an instance of noncompliance that is required to be reported. This instance of noncompliance is discussed in the section entitled “Internal Control and Compliance Findings and Auditor Recommendations.”

We discussed these comments with the Clerk on April 8, 2005 and we acknowledge the cooperation extended to us by the court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:slb

cc: The Honorable Dennis L. Hupp, Chief Judge
Joseph S. Paxton, County Administrator
Bruce Haynes, Executive Secretary
Compensation Board
Paul Delosh, Director of Technical Assistance
Supreme Court of Virginia
Martin Watts, Court Analyst
Supreme Court of Virginia
Director, Admin and Public Records
Department of Accounts

INTERNAL CONTROL AND COMPLIANCE FINDINGS AND AUDITOR'S RECOMMENDATIONS

The following findings are reportable internal control matters that could lead to the loss of revenues, assets, or otherwise compromise the Clerk's fiscal accountability. The Clerk's response and written corrective action plan to remediate these findings are included as an enclosure to this report.

Properly Reconcile Bank Account

The Clerk failed to ensure that the bookkeeper properly reconciled the court's bank account eight of 12 months during the audit period following the Financial Management System User's Guide, Chapter 9 Section 8. In addition, we noted a \$50 reconciling item that remained unresolved from November 2004 through the audit date.

Reconciling the bank account properly is a fundamental internal control. Failing to properly reconcile and correct differences between the bank accounts, the court's financial system and the checkbook could result in errors going undetected. The Clerk should ensure that the bank account is properly reconciled and differences are promptly investigated and resolved.

Improve Accounts Receivable Management

The Clerk should strengthen procedures for establishing, monitoring and collecting the court's receivables. We found the following conditions.

- The Clerk failed to properly calculate payment due dates for paying fines and costs. Specifically, we noted incorrect due dates for five of 20 cases tested. All fines and costs are payable immediately upon final disposition unless otherwise ordered by the court or evidenced by a written payment plan. Court staff should not alter due dates unless there is an established or revised payment agreement as per Code of Virginia Section 19.2-354.
- As noted in the previous audit, the Clerk does not record unpaid fines and costs promptly into the court's Judgment Lien Docket. Of four of 20 cases tested, we noted delays up to 11 months for a total of \$3,091. To maximize the opportunity for the collection of delinquent fines and costs, the Clerk should record judgment lien information without delay as required by Section 8.01-446 of the Code of Virginia.
- The Clerk failed to properly access the defendant's account for Court Appointed Attorney fees as required by the Court Appointed Counsel – Public Defender Procedures and Guidelines Manual, Section V. Of four of 20 cases tested, we noted a total of \$1,923 in unassessed Court Appointed Attorney fees.

Proper management of accounts receivable greatly enhances the collection of fines and costs. The Clerk should strengthen the Court's procedures to ensure that receivables are properly established, monitored, and collected.

Monitor and Disburse Liabilities

As noted in the previous audit, the Clerk does not properly monitor and disburse court liabilities as required by the Code of Virginia and the Financial Management System User's Guide. The Clerk improperly holds more than \$11,400 in criminal and civil bonds and general miscellaneous receipts. This total has increased from the \$10,100 in criminal and civil bonds we cited in last year's audit report.

The Clerk should monitor liability accounts and promptly disburse funds when a case concludes. Failure to monitor liabilities could result in inaccurate reporting to the Commonwealth and excessive delays in disbursement.

Circuit Court of Rockingham County

Court House
Harrisonburg, Virginia 22801

(540) 564-3000
Fax (540) 564-3127

L. Wayne Harper, Clerk
Marlene Key, Chief Deputy Clerk
Melanie Hollen, Deputy Clerk
Jessica Preston, Deputy Clerk
Brenda Huffman, Deputy Clerk
Lynn Lambert, Deputy Clerk
Stacy Baugher, Deputy Clerk
Eleanor McCoy, Deputy Clerk
April Wolverton, Deputy Clerk
Cindy Cline, Deputy Clerk
Heather Reardon, Deputy Clerk
Jessica Samuels, Deputy Clerk
Diane Fulk, Deputy Clerk

John J. McGrath, Jr.
Judge
James V. Lane, Jr.
Judge

June 1, 2005

Mr. Walter J. Kucharski
Auditor of Public Accounts
P. O. Box 1295
Richmond, VA 23218

Dear Mr. Kucharski:

This letter is to comply with paragraph 1, Item 66 of the 2004 Appropriations Act, which states in part "the Clerk shall provide the APA a written corrective action plan".

This office has taken the necessary actions to provide assurance that reportable internal control matters which could lead to the loss of revenues, assets or otherwise compromise the fiscal accountability of the Clerk's Office has been taken.

The plan is as follows:

The Clerk will reconcile, with the bookkeeper, monthly and correct any differences that may exist between the bank account and the FMS system.

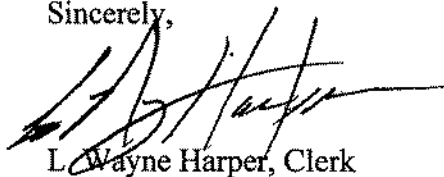
The Clerk has assigned a Deputy Clerk, in the Criminal Section, to follow up, on a weekly basis, all Final Criminal Court Orders to ensure that all criminal judgments are docketed in a timely fashion. This same Deputy Clerk is to follow up with Court Appointed Attorneys to encourage the filing of their list of allowances timely.

The process has begun to disburse both criminal and civil bonds to the Commonwealth.

The Clerk has assigned an additional Deputy Clerk to assist the bookkeeper to ensure that this is done without delay.

If you have any questions please don't hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Wayne Harper", with a long horizontal flourish extending to the right.

L. Wayne Harper, Clerk